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嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

**CONNECTED TRANSACTIONS:
DISPOSAL OF INTERESTS IN TWO CHENGDU COMPANIES**

On 29 April 2021:

- (1) KPL Subsidiary, KHL Subsidiary A and AG Subsidiary, collectively as sellers, entered into Agreement I with the Purchaser (深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Property Development Group Co., Ltd.*)) for sale of the entire equity interest in Chengdu Company I to the Purchaser at the total consideration of RMB8,896,000 (approximately HK\$10,675,200); and
- (2) KPL Subsidiary, KHL Subsidiary B and AG Subsidiary, collectively as sellers, entered into Agreement II with the Purchaser for sale of the entire equity interest in Chengdu Company II to the Purchaser at the total consideration of RMB38,124,000 (approximately HK\$45,748,800).

Upon completion of the Transactions, the Group will no longer hold any equity interest in Chengdu Company I and Chengdu Company II and the respective financial statements of Chengdu Company I and Chengdu Company II will no longer be consolidated into the Group's financial statements.

KHL Subsidiary A and KHL Subsidiary B are indirect wholly-owned subsidiaries of KHL and KHL is the controlling shareholder of the Company. AG Subsidiary is a wholly-owned subsidiary of Allgreen which is an associate of both KHL and Mr. Kuok Khoon Hua (the Vice Chairman and Chief Executive Officer of the Company). As such, KHL Subsidiary A, KHL Subsidiary B and AG Subsidiary are connected persons of the Company and the Transactions constitute connected transactions for the Company.

As one of the applicable percentage ratios (consideration ratio) in respect of the Transactions reaches approximately 0.1% and all applicable percentage ratios are less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under the Listing Rules.

* For identification purpose only

INTRODUCTION

On 29 April 2021:

- (1) KPL Subsidiary, KHL Subsidiary A and AG Subsidiary, collectively as sellers, entered into Agreement I with the Purchaser for sale of the entire equity interest in Chengdu Company I to the Purchaser at the total consideration of RMB8,896,000 (approximately HK\$10,675,200), subject to adjustment based on the net asset value (excluding stocks) of Chengdu Company I as at completion; and
- (2) KPL Subsidiary, KHL Subsidiary B and AG Subsidiary, collectively as sellers, entered into Agreement II with the Purchaser for sale of the entire equity interest in Chengdu Company II to the Purchaser at the total consideration of RMB38,124,000 (approximately HK\$45,748,800), subject to adjustment based on the net asset value (excluding stocks) of Chengdu Company II as at completion.

As at the date of this announcement:

- (1) Chengdu Company I is owned by KPL Subsidiary, KHL Subsidiary A and AG Subsidiary as to 55%, 20% and 25% respectively; and
- (2) Chengdu Company II is owned by KPL Subsidiary, KHL Subsidiary B and AG Subsidiary as to 55%, 20% and 25% respectively.

Therefore, the Transactions involved the disposal by the Group of its 55% equity interest in each of Chengdu Company I and Chengdu Company II. Upon completion of the Transactions, the Group will no longer hold any equity interest in Chengdu Company I and Chengdu Company II and the respective financial statements of Chengdu Company I and Chengdu Company II will no longer be consolidated into the Group's financial statements.

THE AGREEMENTS

Date: 29 April 2021

Parties:

Agreement I: KPL Subsidiary, KHL Subsidiary A, AG Subsidiary and the Purchaser

Agreement II: KPL Subsidiary, KHL Subsidiary B, AG Subsidiary and the Purchaser

Assets to be disposed of:

The assets to be disposed of under the Agreements are the entire equity interests in Chengdu Company I and Chengdu Company II.

Consideration and payment terms:

The consideration under Agreement I and Agreement II will be RMB8,896,000 (approximately HK\$10,675,200) and RMB38,124,000 (approximately HK\$45,748,800) respectively, subject to adjustment based on the net asset value (excluding stocks) of Chengdu Company I/II as at completion.

The consideration under Agreement I and Agreement II will be paid by the Purchaser in cash in the following manners and to be shared by KPL Subsidiary, KHL Subsidiary A, KHL Subsidiary B and AG Subsidiary in proportion to their shareholding in each of Chengdu Company I and Chengdu Company II:-

- (a) 50% of the purchase consideration will be paid by the Purchaser to an intermediate account within 5 working days from the date of the Agreements;
- (b) 30% of the purchase consideration will be paid by the Purchaser to an intermediate account within 30 working days from the date of the Agreements; and
- (c) 20% of the purchase consideration will be paid by the Purchaser to an escrow account on or before the submission for registration of change with the Administration for Market Regulation of Chengdu.

After tax assessment by tax bureau, all the consideration after net of sellers' tax for this disposal, will be paid to KPL Subsidiary, KHL Subsidiary A, KHL Subsidiary B and AG Subsidiary respectively.

The consideration for sale and purchase of the entire equity interests in Chengdu Company I and Chengdu Company II was determined after arm's length negotiations between the Parties with reference to the value of the properties held by Chengdu Company I and Chengdu Company II, the net asset value (excluding stocks) of Chengdu Company I and Chengdu Company II based on their respective agreed management accounts as at completion.

Completion:

Completion shall take place on the same day (or such later date as the Parties may mutually agree) when the transfer of the entire equity interests in each of Chengdu Company I and Chengdu Company II is registered with the Administration for Market Regulation of Chengdu respectively. Upon completion of such registration with the Administration for Market Regulation of Chengdu, KPL Subsidiary, KHL Subsidiary A, KHL Subsidiary B and AG Subsidiary will no longer hold any equity interest in Chengdu Company I and Chengdu Company II respectively.

INFORMATION OF THE PARTIES

KPL Subsidiary is a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability. It is principally involved in investment holding and provision of administrative support services to the Group companies.

The principal activity of the Company is investment holding and the principal activities of the Company's subsidiaries, associates and joint ventures comprise property development, investment and management in Hong Kong, the Mainland and the Asia Pacific region; hotel ownership in Hong Kong, and hotel ownership and operations in the Mainland; and integrated logistics and international freight forwarding.

KHL Subsidiary A and KHL Subsidiary B are indirect wholly-owned subsidiaries of KHL and incorporated in Hong Kong with limited liability. KHL Subsidiary A and KHL Subsidiary B are principally involved in investment holding. KHL is incorporated in Hong Kong and is a wholly owned subsidiary of Kerry Group Limited. KHL is an investment holding company and is a substantial shareholder of the Company, Shangri-La Asia Limited and Kerry Logistics Network Limited (all of which are listed in Hong Kong).

AG Subsidiary is a wholly-owned subsidiary of Allgreen and incorporated in Singapore with limited liability. AG Subsidiary is principally involved in investment holding. Allgreen is a real estate developer with assets primarily in Singapore. Its portfolio of assets comprises residential, retail and office space, serviced apartments and a hotel. Allgreen has also entered into various joint ventures to participate in mixed developments in various cities in the PRC.

The Purchaser is a limited liability company established and existing under the PRC law and is principally engaged in real estate development and operation business. The Purchaser is a wholly-owned subsidiary of FANTASIA Group. FANTASIA Group is listed on the Main Board of the Stock Exchange which engaged in property development and community services.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION OF CHENGDU COMPANY I AND CHENGDU COMPANY II

Chengdu Company I is principally involved in property development and sales project known as The Metropolis - Arcadia Court Phase I, located at 299 Ronghua North Road, Hi-Tech Industrial Development Zone, Chengdu, the PRC and currently owns one unsold residential unit and 136 carparks.

The financial information of Chengdu Company I for the financial years ended 31 December 2019 and 2020 is set out below:-

	Financial year ended 31 December	
	2020	2019
	RMB'000	RMB'000
	unaudited	audited
Revenue	884	56,755
Profit/(loss) before tax	(9,960)	42,880
Profit/(loss) after tax	(131,445)	32,142
Net asset	5,628	137,072

Estimate net assets as at completion for Chengdu Company I is RMB5,200,000 (approximately HK\$6,240,000) which is estimated after payment of dividend and capital reduction to KPL Subsidiary, KHL Subsidiary A and AG Subsidiary.

Chengdu Company II is principally involved in property development and sales project known as The Metropolis - Arcadia Court Phase II, located at 600 Shengzhi Street, Hi-Tech Industrial Development Zone, Chengdu, the PRC and currently owns the unsold 1,059 carparks.

The financial information of Chengdu Company II for the financial years ended 31 December 2019 and 2020 is set out below:-

	Financial year ended 31 December	
	2020	2019
	RMB'000	RMB'000
	unaudited	audited
Revenue	2,658	13,642
Profit/(loss) before tax	(93,336)	5,966
Profit/(loss) after tax	(136,584)	(19,088)
Net asset	32,173	214,739

Estimate net assets as at completion for Chengdu Company II is RMB32,000,000 (approximately HK\$38,400,000) which is estimated after payment of dividend and capital reduction to KPL Subsidiary, KHL Subsidiary B and AG Subsidiary.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Chengdu Company I and Chengdu Company II are principally engaged in property development and sales business and currently own one unsold residential unit and carparks at The Metropolis - Arcadia Court in Chengdu, the PRC. The Transactions are to realise value from the Group's non-core properties and for recycling of capital to higher growth prospects / investments.

The net after tax proceeds of the Transactions to be received by the Group under Agreement I and Agreement II are estimated to be RMB4,900,000 (approximately HK\$5,880,000) and RMB 20,900,000 (approximately HK\$25,080,000) respectively and will be used as general working capital of the Group. The Directors believe that the divestment would reinforce the Group's resources allocation strategy and complementing its strategic and operational flexibility.

Based on the estimated consideration to be received by the Group, the Group's net after tax gain from the Transactions under Agreement I and Agreement II is estimated to be HK\$6,500,000 and HK\$16,500,000 respectively. The actual gain as a result of the Transactions to be recorded by the Group is subject to a final audit to be performed by the Group's auditors.

The terms of Agreement I and Agreement II were determined after arm's length negotiation between the Parties thereto. The Directors (including the independent non-executive Directors) take the view that the Transactions are on normal commercial terms, and in the ordinary and usual course of business of the Group, and the terms of Agreement I and Agreement II are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

KHL Subsidiary A and KHL Subsidiary B are indirect wholly-owned subsidiaries of KHL and KHL is the controlling shareholder of the Company. AG Subsidiary is a wholly-owned subsidiary of Allgreen which is an associate of both KHL and Mr. Kuok Khoon Hua (the Vice Chairman and Chief Executive Officer of the Company). As such, KHL Subsidiary A, KHL Subsidiary B and AG Subsidiary are connected persons of the Company and the Transactions constitute connected transactions for the Company.

As one of the applicable percentage ratios (consideration ratio) in respect of the Transactions reaches approximately 0.1% and all percentage ratios are less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under the Listing Rules.

Both Mr. Kuok Khoon Hua, the Vice Chairman and Chief Executive Officer of the Company, and Mr. Bryan Pallop Gaw, the executive Director, have declared that each of them together with their respective associates are indirectly interested in 5% or more of the issued shares of KHL. They have abstained from voting on the relevant resolutions of the Board approving the Transactions.

DEFINITIONS

“AG Subsidiary”	Allgreen Properties (Chengdu) Pte. Ltd., a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of Allgreen;
“Agreement I”	the equity transfer agreement in relation to the disposal of the entire equity interest in Chengdu Company I by KPL Subsidiary, KHL Subsidiary A and AG Subsidiary to the Purchaser;
“Agreement II”	the equity transfer agreement in relation to the disposal of the entire equity interest in Chengdu Company II by KPL Subsidiary, KHL Subsidiary B and AG Subsidiary to the Purchaser;
“Agreements”	collectively, Agreement I and Agreement II;
“Allgreen”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Chengdu Company I”	嘉里置業（成都）有限公司 (Kerry Development (Chengdu) Ltd.*), a wholly foreign-owned enterprise established in the PRC and jointly owned by KPL Subsidiary, KHL Subsidiary A and AG Subsidiary as to 55%, 20% and 25%, respectively;
“Chengdu Company II”	裕豐置業（成都）有限公司 (Wealthy Plaza Development (Chengdu) Ltd.*), a wholly foreign-owned enterprise established in the PRC and jointly owned by KPL Subsidiary, KHL Subsidiary B and AG Subsidiary as to 55%, 20% and 25%, respectively;
“Company”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;

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“FANTASIA Group”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong, which at the date of this announcement, is the controlling shareholder of the Company;
“KHL Subsidiary A”	Total Joy International Limited (貴天國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of KHL;
“KHL Subsidiary B”	Goody Trend Limited (晉貴有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of KHL;
“KPL Subsidiary”	Kerry Properties (China) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	KPL Subsidiary, KHL Subsidiary A, KHL Subsidiary B, AG Subsidiary and the Purchaser, and each of them being a “Party”;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China;
“Purchaser”	深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Property Development Group Co., Ltd.*), a limited liability company established and existing under the PRC law;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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“Transactions”

the proposed disposal by KPL Subsidiary of its 55% equity interest in each of Chengdu Company I and Chengdu Company II pursuant to the terms of the respective Agreement I and Agreement II; and

“%”

per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.2 for illustration purposes.

By Order of the Board
Kerry Properties Limited
Wong Siu Kong
Chairman

Hong Kong, 29 April 2021

As at the date of this announcement, the Directors of the Company are:

Executive Directors: *Messrs. Wong Siu Kong, Kuok Khoon Hua, Bryan Pallop Gaw and Wong Chi Kong, Louis*
Independent Non-
executive Directors: *Ms. Wong Yu Pok, Marina, JP, Mr. Chang Tso Tung, Stephen and Mr. Hui Chun Yue, David*